

## Draft testimony for Gilda Jacobs

Thank you for the opportunity to speak in front of you about the importance of Michigan's Earned Income Tax Credit.

But before I do, I want you to hear from some of the working men and women who benefit from the Earned Income Tax Credit. Some of them would have liked to have been here today. But they are working, as are all EITC recipients, and working hard to make their lives better, and are unable to take time off to testify here today.

### Show video

I hope you agree that this video tells the story of why the EITC is important far better than I can. Veterans, workers in food banks, people who are struggling to keep their children at home and out of more costly state institutions, and small business owners are all benefiting from the EITC.

What will happen if we eliminate the EITC?

**First, 14,000 children will be tossed into poverty.** Gov. Snyder's dashboard needle on that item will be spiraling out of control. And there is no likelihood that we will recover anytime soon.

What difference does that make? Research shows that children who grow up in poverty are far more likely to end up in trouble, failing to graduate from high school and in our prison system. At a far higher cost to society than the EITC represents.

**Second, thousands of small businesses in the state will go under or be in trouble.** These are small businesses in urban areas, in rural communities, who are the ultimate recipient of the more than \$350 million that goes to families through the EITC. Businesses like Jeffrey Dittmer's will have less revenue, and will not be

able to hire employees from the neighborhoods they serve. That means higher unemployment in areas already suffering, places like our inner cities. But it also will hurt small businesses in counties like Clare, Lake, Oscoda and Houghton, along with Huron and Sanilac have large portions of their population eligible for the Michigan EITC.

**Third, we will end up with a tax system in which the poor, who already pay a higher share of their income to state and local taxes than do the wealthy, will be even more upside down.** Surely, nobody would think that it is just for low income families to pay 10.7 percent of their income in state and local taxes, while high income families pay 5.6 percent. That's what will happen under this proposal. That's because we double tax renters, forcing them to pay 12 mills in school operating millage while home owners pay just 6 mills, and because low income families spend a larger share of their income in sales-taxable items than do the wealthy. That's not fair. And that's certainly not shared sacrifice.

These are just some of the reasons why 76 percent of Michigan citizens, from all walks of life, oppose ending the Michigan EITC.

I know we have many others who wish to testify today, and will amplify on these points. Thank you for your attention. If you wish more information, please visit our web site at [www.saveoureitc.com](http://www.saveoureitc.com).



## WHAT OTHERS ARE SAYING

### THE DETROIT FREE PRESS

"Tax credits for low-income workers not only give people an incentive to work but also circulate quickly through the economy because **they put money into the hands of people who need to spend it immediately.**"

### THE TOLEDO BLADE

"Michigan does need to eliminate spending, and there are many places to do it. **Going after a program that enables the working poor to be productive members of the community shouldn't be one of them.**"

### MIDLAND DAILY NEWS

"We would bet that if you asked anyone walking down the street if they would be willing to give up the lowering of the income tax rate in exchange for extending the EITC, **they would choose to lend a helping hand to their lower-income brethren.**"

### STEPHEN HENDERSON – DETROIT FREE PRESS COLUMNIST

"... In Lansing, the discussion over the next few months should be about **what moral cost Michigan is willing to endure in the name of a healthy business climate.** Taking from the poor, who can least afford it, is beyond the moral circle I'd like the state to occupy."

### JACK LESSENBERRY – COLUMNIST

"Times are tough for the state, and lots of people are going to have to make sacrifices. Yet it's fair to ask whether cutting a program designed to allow the working poor to keep their heads above water is going to backfire on the rest of us. **Let's hope the governor and the Legislature carefully think this one through.**"

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